



SF 2317 – Blood Bank Sales Tax Exemption (LSB5210SV)
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Fiscal Note Version – New

Description

Senate File 2317 exempts chemicals, sorbents, or reagents sold, or test laboratory services furnished to a nonprofit human blood collection and processing establishment from the state sales tax. The exemption is effective on enactment and retroactive to July 1, 2005. Refunds for taxes, interest, and penalties for sales between July 1, 2005, and the enactment date are capped at \$25,000.

Assumptions

- The enactment date will be May 1, 2016.
- The refund cap will be divided evenly between FY 2016 and FY 2017.
- Audit data from the Department of Revenue indicates that the average quarterly purchases subject to sales tax at blood banks was \$86,700 in 2007.
- The 2012 Economic Census for Ambulatory Health Care Services growth rate was 3.2%.
- An estimated 12 blood bank locations in Iowa will qualify under this exemption.
- The statewide average Local Option Sales Tax is 0.87%.

Fiscal Impact

The fiscal impact of **SF 2317** is presented in the following table.

Estimated Impact of SF 2317			
	General Fund	SAVE	LOST
FY 2016	\$ -34,000	\$ -9,000	\$ -8,000
FY 2017	-273,000	-57,000	-50,000
FY 2018	-294,000	-59,000	-51,000
FY 2019	-304,000	-61,000	-53,000
FY 2020	-313,000	-63,000	-55,000
FY 2021	-323,000	-65,000	-56,000

To the extent that any blood bank is located in a **flood mitigation district**, the sales tax remitted will be included in that area’s initial increment calculation. By adding exempting from the sales and use tax, a mitigation district may be impacted by decreasing the taxable increment of sales and services. However, all indications are this is unlikely to occur.

Sources

Iowa Department of Revenue
LifeServe Blood Center
LSA analysis and calculations

/s/ Holly M. Lyons

April 18, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
